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Security Council

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First report of the Secretary-General pursuant to paragraph 8 of Security Council resolution 1958 (2010)

I. Introduction

1. The present report is submitted pursuant to paragraph 8 of Security Council resolution 1958 (2010), in which the Council requested me to report and provide analysis to the Council on the usage and expenditure of the escrow account referenced in paragraphs 4 and 5 of the resolution on an annual basis, the first no later than 31 March 2012, with the final report occurring three months after the transfer of any remaining funds retained for the purposes of paragraphs 4 and 5 to the Government of Iraq by 31 December 2016, unless otherwise authorized by the Council.

II. Background

2. Following the adoption of resolution 1958 (2010), the Secretariat transferred from the Iraq Account, created pursuant to paragraph 16 (d) of resolution 1483 (2003), to the Development Fund for Iraq the amount of $656.1 million.

3. Furthermore, pursuant to paragraphs 4 and 5 of resolution 1958 (2010), the Secretariat transferred from the Iraq Account: (a) $20 million to the administrative escrow account exclusively for the expenses of the United Nations related to the orderly termination of the residual activities of the oil-for-food programme, including the Organization's support for Member State investigations and Member State proceedings related to the programme, and the expenses of the Office of the High-level Coordinator created pursuant to resolution 1284 (1999); and (b) $131 million to the indemnification escrow account for the indemnification of the Government of Iraq to the United Nations, its representatives, agents and independent contractors.

III. Administrative escrow account

4. I should like to inform the members of the Council that the activities undertaken and funded as outlined in paragraph 4 of resolution 1958 (2010) from 1 January to 31 December 2011 have led to expenditure amounting to $1,374,186. The breakdown of that expenditure is as follows: (a) $710,407 for the activities related to the orderly termination of the residual activities of the oil-for-food programme; (b) $348,895 for the Organization's support for Member State investigations and

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Member State proceedings related to the programme; and (c) $314,884 for the Office of the High-level Coordinator created pursuant to resolution 1284 (1999).

IV. Indemnification escrow account

5. I should like to inform the members of the Council that no expenditure has been incurred to date in respect of the amount referred to in paragraph 5 of resolution 1958 (2010). Any such expenditure would require the conclusion of the necessary implementing agreements between the Government of Iraq and the United Nations. While considerable progress has been made in the negotiations on the necessary agreements as mandated under paragraph 7 of resolution 1958 (2010), differences exist between the Government of Iraq and the Secretariat as to whether the Government's obligation to indemnify the United Nations, its representatives, agents and independent contractors should: (a) be limited to the amount held in the indemnification escrow account; and (b) expire and lapse on 31 December 2016.

6. The Secretariat will continue discussions with the Government of Iraq, with a view to concluding the indemnification agreements in the very near future. I will apprise the Security Council of the outcome of the Secretariat's continued efforts.

V. Other matters

7. In paragraph 2 of resolution 1958 (2010), the Council called upon the Government of Iraq to provide without delay direct payment to the beneficiaries or its representatives of the letters of credit referred to in the note by the Secretary-General dated 8 December 2010 (S/2010/619), paragraphs 11 and 12 and annexes II and III.

8. Certain beneficiaries identified in annexes II and III to the note by the Secretary-General dated 8 December 2010 have written to the Secretariat claiming that, despite their having contacted the Government of Iraq, payments remain outstanding. I note with concern that the payments have not been made. In this respect, I urge the Government of Iraq to provide the payment without any delay to the beneficiaries as called for by the Council in resolution 1958 (2010).